

**MADAME VANIER CHILDREN'S SERVICES**

Financial Statements

Year ended March 31, 2018



Bringing Solutions Together

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
**Madame Vanier Children's Services**

We have audited the accompanying financial statements of Madame Vanier Children's Services which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

In common with many charitable organizations, Madame Vanier Children's Services derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Madame Vanier Children's Services and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses, fund balances, and cash flows for the year ended March 31, 2018.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Madame Vanier Children's Services as at March 31, 2018 and its financial performance and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.



London, Ontario  
June 25, 2018

**Chartered Professional Accountants  
Licensed Public Accountants**

# MADAME VANIER CHILDREN'S SERVICES

Statement of Financial Position as at March 31, 2018

	Operating Fund	Restricted Fund	2018	2017
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ -	\$ 178,021	\$ 178,021	\$ 107,888
Accounts receivable	275,148	-	275,148	275,319
Government remittances receivable	41,150	-	41,150	53,238
Prepaid expenses and deposits	12,139	-	12,139	-
Due from operating fund	-	84,486	84,486	76,400
	328,437	262,507	590,944	512,845
<b>CAPITAL ASSETS (Note 3)</b>	<b>306,883</b>	<b>-</b>	<b>306,883</b>	<b>335,012</b>
	\$ 635,320	\$ 262,507	\$ 897,827	\$ 847,857
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Cheques written in excess of funds on hand	\$ 18,917	\$ -	\$ 18,917	\$ 89,719
Bank indebtedness (Note 4)	90,000	-	90,000	120,000
Accounts payable and accrued liabilities	321,721	-	321,721	354,018
Accrued liability to Ministry of Children and Youth Services (Note 8)	34,672	-	34,672	5,412
Demand loan payable (Note 5)	7,859	-	7,859	17,924
Due to restricted fund	84,486	-	84,486	76,400
Deferred contributions (Note 6)	6,533	217,716	224,249	209,647
	564,188	217,716	781,904	873,120
<b>DEFERRED CONTRIBUTIONS</b>				
- CAPITAL ASSETS (Note 7)	127,047	-	127,047	131,841
	691,235	217,716	908,951	1,004,961
<b>NET ASSETS (DEFICIT):</b>				
Internally restricted	-	44,791	44,791	13,936
Unrestricted	(55,915)	-	(55,915)	(171,040)
	(55,915)	44,791	(11,124)	(157,104)
	\$ 635,320	\$ 262,507	\$ 897,827	\$ 847,857

## MADAME VANIER CHILDREN'S SERVICES

Statement of Changes in Net Assets (Deficit)

Year ended March 31, 2018

	Operating Fund	Restricted Fund	2018	2017
Balance, beginning of year	\$ (171,040)	\$ 13,936	\$ (157,104)	\$ (358,357)
Excess of revenue over expenses	115,125	30,855	145,980	201,253
Balance, end of year	\$ (55,915)	\$ 44,791	\$ (11,124)	\$ (157,104)

# MADAME VANIER CHILDREN'S SERVICES

Statement of Operations  
Year ended March 31, 2018

	Operating Fund	Restricted Fund	2018	2017
<b>REVENUE</b>				
Ministry of Children and Youth Services	\$ 6,601,061	\$ -	\$ 6,601,061	\$ 6,780,235
Children's Aid Societies and CSCN	2,177,591	-	2,177,591	2,256,277
Fee for service and expense recoveries	886,528	-	886,528	718,825
Grants	75,000	-	75,000	120,088
Other programs and interest	26,191	397	26,588	6,956
Amortization of deferred contributions related to capital assets (Note 7)	4,794	-	4,794	-
Donations and fundraising	-	82,714	82,714	119,676
	<u>9,771,165</u>	<u>83,111</u>	<u>9,854,276</u>	<u>10,002,057</u>
<b>EXPENSES</b>				
Wages and benefits	8,073,718	25,639	8,099,357	7,889,378
Purchased services	446,909	-	446,909	427,247
Building occupancy	281,805	1,219	283,024	422,092
Information technology	162,840	1,534	164,374	187,743
Staff travel, training, meetings, and events	111,306	9,399	120,705	102,310
Office administration	109,080	-	109,080	129,123
Food services	108,039	-	108,039	112,970
Utilities	77,606	-	77,606	104,575
Program supplies and services	59,404	14,465	73,869	183,519
Insurance	44,475	-	44,475	44,035
Professional fees	38,856	-	38,856	83,535
Membership dues	28,342	-	28,342	28,380
Amortization	28,130	-	28,130	42,380
Clients' personal needs	21,261	-	21,261	18,109
Automotive	17,695	-	17,695	13,000
Interest and bank charges	5,376	-	5,376	8,058
Promotion and publicity	4,207	-	4,207	3,138
Board	2,319	-	2,319	1,212
	<u>9,621,368</u>	<u>52,256</u>	<u>9,673,624</u>	<u>9,800,804</u>
Excess of operating revenue over expenses	149,797	30,855	180,652	201,253
Under-spending of MCYS revenue	34,672	-	34,672	-
Excess of revenue over expenses	<u>\$ 115,125</u>	<u>\$ 30,855</u>	<u>\$ 145,980</u>	<u>\$ 201,253</u>

# MADAME VANIER CHILDREN'S SERVICES

Statement of Cash Flows  
Year ended March 31, 2018

	2018	2017
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 145,980	\$ 201,253
Add (deduct) non-cash items:		
Amortization	28,130	42,380
Amortization of deferred contributions related to capital assets	(4,794)	-
Change in non-cash working capital items related to operations (Note 10)	11,684	82,783
	<u>181,000</u>	<u>326,416</u>
<b>FINANCING ACTIVITIES</b>		
Payments on long-term debt	-	(35,041)
Payments on demand loan payable	(10,065)	(15,976)
	<u>(10,065)</u>	<u>(51,017)</u>
INCREASE IN CASH DURING THE YEAR	170,935	275,399
Cash (bank indebtedness), beginning of year	(101,831)	(377,230)
CASH (BANK INDEBTEDNESS), END OF YEAR	<u>\$ 69,104</u>	<u>\$ (101,831)</u>
<b>REPRESENTED BY:</b>		
Cash	\$ 178,021	\$ 107,888
Cheques written in excess of funds on hand	(18,917)	(89,719)
Bank indebtedness	(90,000)	(120,000)
	<u>\$ 69,104</u>	<u>\$ (101,831)</u>

# MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements  
March 31, 2018

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## 1. DESCRIPTION OF THE ORGANIZATION

Madame Vanier Children's Services, ("Madame Vanier"), is a non-profit children's mental health centre incorporated without share capital under the Ontario Business Corporations Act. Madame Vanier is a registered charity as designated by the Income Tax Act (Canada) as such is exempt from taxes on income.

Mission Statement:

Vanier Children's Services improves the lives of infants, children, youth, and their families through the provision of mental health services and supports based on clinical excellence, collaboration, partnerships, and system leadership.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below:

### Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donor or in accordance with the directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors.

Revenue and expenses related to contracted program delivery and administration activities are reported in the Operating Fund.

Other non-contracted programming, fund-raising, donations and related expenses are reported in the Restricted Fund.

### Revenue Recognition

Madame Vanier follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and all other revenues are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted for the purpose of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

### Capital Assets

Capital assets are recorded at acquisition cost. Contributed capital assets are recorded at market value at the date of contribution. Capital asset purchases having a useful life of greater than one year or which substantially extend the useful life of an existing capital asset are capitalized. Capital assets are amortized on a straight-line basis using the following annual rates:

Building	3.33%
Furniture & Equipment	10 %
Computer	25 %
Vehicles	25 %
Playground	10 %

# MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements  
March 31, 2018

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial Instruments

Measurement of Financial Instruments:

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except the investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations in the year.

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in excess (deficiency) of revenue over expenses.

Transaction Costs:

The organization recognizes its transactions costs in excess (deficiency) of revenue over expense in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### Contributed Services

Contributed services by volunteers are not recognized in these financial statements due to the difficulty in determining their fair market value.

### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Specific estimates made by management include amortization, deferred contributions related to capital assets, and deferred contributions. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in excess of revenue over expense in the period in which they become known.

### Cash and Cash Equivalents

Cash as disclosed on the statement of financial position consists of cash on hand and balances with the bank.



# MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements  
March 31, 2018

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## 3. CAPITAL ASSETS

### Operating Fund:

	Cost	Accumulated Amortization	Net	
			2018	2017
Land	\$ 162,999	\$ -	\$ 162,999	\$ 162,999
Building	2,529,705	2,405,595	124,110	124,110
Furniture & Equipment	237,551	235,154	2,397	4,793
Computer	521,205	503,828	17,377	37,534
Vehicles	69,164	69,164	-	5,576
	<u>\$ 3,520,624</u>	<u>\$ 3,213,741</u>	<u>\$ 306,883</u>	<u>\$ 335,012</u>

### Restricted Fund:

	Cost	Accumulated Amortization	Net	
			2018	2017
Playground	\$ 243,942	\$ 243,942	\$ -	\$ -

## 4. BANK INDEBTEDNESS

The bank indebtedness with Libro Credit Union is secured by a general security agreement, land and building with net book value \$287,109 (2017 - \$287,109). Madame Vanier has an authorized credit line of \$300,000. Interest is charged at prime plus 1.5% per annum. This debt is subject to financial covenant requirements with its lender. As at March 31, 2018, the organization is in compliance with its debt service coverage requirement.

## 5. DEMAND LOAN PAYABLE

The demand loan payable was established for the purchase of computer equipment, and is secured by a general security agreement. The demand loan is repayable in monthly instalments of \$888 principal and interest, at a rate of the bank's prime plus 1.5% until November 1, 2018 upon which the remaining loan balance is payable in full.

# MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements  
March 31, 2018

## 6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent funding restricted for program expenditures in a future period. Changes in the deferred contribution balances are as follows:

	Opening 2018	Received	Expenditures	Ending 2018
<b>Restricted Fund</b>				
Staff Development (Joan Smith)	\$ 54,297	\$ 4,984	\$ 9,399	\$ 49,882
Parent Mentoring (HOPE)	48,736	41,172	27,656	62,252
Cultural Enhancement	21,338	10,000	2,753	28,585
Playground	14,655	25	1	14,679
In Memory of Bev Boam	13,693	-	-	13,693
BBQ Fund	6,130	7,917	1,284	12,763
Access Fund	6,030	21,392	7,068	20,354
FIT Program (Lawson Foundation)	3,599	10,000	4,180	9,419
Focused Family Therapy	3,092	-	-	3,092
Photo Voice	2,569	500	72	2,997
	174,139	95,990	52,413	217,716
<b>Operating Fund</b>	35,509	-	28,976	6,533
	<b>\$ 209,648</b>	<b>\$ 95,990</b>	<b>\$ 81,389</b>	<b>\$ 224,249</b>

## 7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions which were used to upgrade building, equipment, and computers. The funding is amortized to revenue in accordance with the capital asset amortization policy. The changes in the deferred contributions are as follows:

	2018	2017
Balance, beginning of year	\$ 131,841	\$ 131,841
Less amounts amortized to revenue	4,794	-
Balance, end of year	<b>\$ 127,047</b>	<b>\$ 131,841</b>

## 8. ACCRUED LIABILITY TO MINISTRY OF CHILDREN AND YOUTH SERVICES

The accrued liability to Ministry of Children and Youth Services represents revenue received in excess of expenditures for the children and family services provided to the Ministry. The amount repayable to the Ministry has been reported below the excess of operating revenue over expenses on the statement of operations.

# MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements  
March 31, 2018

## 9. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Transactions in financial instruments may result in financial risks being assumed by the organization. The risks identified by the organization are as follows:

### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk from clients and family support services agencies. An allowance for doubtful accounts, if required, is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization does not have any significant credit risk concentration.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk as the value of its bank indebtedness and its demand loan is affected by future market changes in rates.

### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations as they become due. The organization is exposed to significant liquidity risk without the support of its funding agencies and its bank.

It is management's belief that the organization is not exposed to significant currency or market risk. There have been no significant changes in the nature or concentration of the risk exposures from the prior year.

## 10. STATEMENT OF CASH FLOWS

The change in non-cash working capital balances related to operations referred to in the statement is determined as follows:

	2018	2017
(INCREASE) DECREASE IN CURRENT ASSETS:		
Accounts receivable	\$ 170	\$ (11,922)
Government remittances receivable	12,088	4,239
Prepaid expenses and deposits	(12,139)	41,667
INCREASE (DECREASE) IN CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	(32,296)	45,297
Accrued liability to Ministry of Children and Youth Services	29,260	(12,185)
Deferred contributions	14,601	15,687
Net change	<u>\$ 11,684</u>	<u>\$ 82,783</u>